

**FILED****BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**  
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Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities.	Investigation 07-01-022 (Filed January 11, 2007)
In the Matter of the Application of Golden State Water Company (U 133 E) for Authority to Implement Changes in Ratesetting Mechanisms and Reallocation of Rates.	Application 06-09-006 (Filed September 6, 2006)
Application of California Water Service Company (U 60 W), a California Corporation, requesting an order from the California Public Utilities Commission Authorizing Applicant to Establish a Water Revenue Balancing Account, a Conservation Memorandum Account, and Implement Increasing Block Rates.	Application 06-10-026 (Filed October 23, 2006)
Application of Park Water Company (U 314 W) for Authority to Implement a Water Revenue Adjustment Mechanism, Increasing Block Rate Design and a Conservation Memorandum Account.	Application 06-11-009 (Filed November 20, 2006)
Application of Suburban Water Systems (U 339 W) for Authorization to Implement a Low Income Assistance Program, an Increasing Block Rate Design, and a Water Revenue Adjustment Mechanism.	Application 06-11-010 (Filed November 22, 2006)
Application of San Jose Water Company (U 168 W) for an Order Approving its Proposal to Implement the Objectives of the Water Action Plan.	Application 07-03-019 (filed March 9, 2007)

**PHASE 1B OPENING TESTIMONY OF JOHN HOWAT ON NOTICE, OUTREACH AND DATA COLLECTION**

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Dated: October 19, 2007

**Q1. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

A1. My name is John Howat, and I am a Senior Policy Analyst at the National Consumer Law Center, 77 Summer Street, 10th Floor, Boston, MA 02110.

**Q2. BRIEFLY OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.**

A2. I have been professionally involved with energy program and policy issues since 1981. Prior to joining the Advocacy Staff at National Consumer Law Center, I consulted with a broad range of public and private entities on issues related to utility industry restructuring. Previously, I served as Research Director of The Massachusetts Joint Legislative Committee on Energy, responsible for the development of new energy efficiency programs and low-income energy assistance budgetary matters; economist with the Electric Power Division of the Massachusetts Department of Public Utilities, responsible for analysis of electric industry restructuring proposals; and Director of the Association of Massachusetts Local Energy Officials. I have a Master's Degree from Tufts University's Graduate Department of Urban and Environmental Policy and Bachelor of Arts Degree from The Evergreen State College.

**Q3. WHAT ARE YOUR PRIMARY RESPONSIBILITIES AS A SENIOR POLICY ANALYST AT THE NATIONAL CONSUMER LAW CENTER?**

A3. At the National Consumer Law Center over the past seven years, I have managed a range of regulatory, legislative and advocacy projects across the country in support of low-income consumers' access to affordable utility and energy related services. I have been

involved with the design and implementation of low-income energy affordability and efficiency programs and outreach efforts, low-income regulatory consumer protection, rate design, issues related to metering and billing, development of load profiles, energy burden analysis and related demographic analysis. In addition to current work in the instant proceeding I work or have worked on behalf of community-based organizations or their associations in Massachusetts, Arkansas, Arizona, Louisiana, Mississippi, New Jersey, Pennsylvania, Rhode Island, Texas and Washington State. I also work or have worked on utility-related matters on behalf of the National AARP and state AARP chapters in Vermont, Louisiana, Kansas, Utah, Illinois and Texas. I have worked under contract with the U.S. Department of Health and Human Services, Oak Ridge National Laboratories the National Energy Assistance Directors' Association and the Office of the Attorney General in Nevada for work related to the design of universal service programs, metering and regulatory consumer protection issues. I have presented testimony before utility regulatory agencies in Massachusetts, New Jersey, Rhode Island, Texas, Vermont, Louisiana, Pennsylvania, Nevada and Illinois. I am a regular presenter at conferences of National Community Action Foundation, National Low Income Energy Consortium, National Energy Assistance Directors Association, National Association of Regulatory Utility Commissions and National Association of State Utility Consumer Advocates. Among numerous other utility-related papers and articles, I am the primary author of "Tracking the Home Energy Needs of Low-Income Households through Trend Data on Arrearages and Disconnections." (Attached as JH Exhibit 1.)

**Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A4. The purpose of my testimony is two-fold. First to recommend that the Commission order  
2 that that Golden State Water Company and San Jose Water Company report to the  
3 Commission on a monthly basis for the most recently completed monthly billing cycle  
4 the following data points:  
5

- 6 1) Number of residential customer accounts,
- 7 2) Number of residential customer accounts over 30 days past due,
- 8 3) Dollar value of residential accounts over 30 days past due,
- 9 4) Number of disconnection notices sent to residential customers,
- 10 5) Number of residential customers that have had service discontinued for non-payment,
- 11 6) Number of residential customers that have had service restored after discontinuance for  
12 non-payment,
- 13 7) Number of Low Income Rate Assistance ("LIRA") customer accounts,
- 14 8) Number of LIRA customer accounts over 30 days past due,
- 15 9) Number of disconnection notices sent to LIRA customers,
- 16 10) Dollar value of LIRA customer accounts over 30 days past due,
- 17 11) Number of LIRA customers that have had service discontinued for non-payment, and  
18 12) Number of LIRA residential customers that have had service restored after  
19 discontinuance for non-payment.  
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24 Second, to recommend that the Commission order that that Golden State Water Company and  
25 San Jose Water Company to implement the following notice and outreach programs regarding  
26 their new conservation rate designs. In response to Q8 I have listed the elements required for an  
27 effective outreach program.  
28

**Q5. PLEASE DEFINE AND EXPLAIN THE DATA POINTS LISTED ABOVE REGARDING DATA COLLECTION.**

A5. “Residential customer accounts” refers to individually metered customer accounts serving residential customers. It is intended to capture the number of residential households that directly pay the utility for water service.

The number of residential customer accounts over 30 days past due is intended to capture trends over time in the level of residential customer arrears, a key indicator of affordability concerns. Accounts that are less than 30 days past due are less likely to reflect payment difficulties than those that have aged for greater than 30 days. Similarly, the dollar value of accounts over 30 days past due provides an indication of the magnitude of payment difficulties experienced by customers relative to total company revenues .

Changes over time in the number of disconnection notices sent to customers for non-payment are indicative of trends in payment difficulties within the company’s service areas. However, perhaps the clearest indicator of residential customers’ ability to keep up with payments for water service is the number of these customers that have service discontinued for non-payment. It is important to distinguish between discontinuance for non-payment and discontinuance at the customer’s request. Requested service disconnection is obviously less likely to reflect a customer’s inability or difficulty in paying for service.

1 Reporting the number of accounts that have been restored after discontinuance for non-  
2 payment is necessary to identify numbers of accounts that are not restored. A growing  
3 gap between service disconnections and restorations provides a flag for companies and  
4 policymakers that there is a growing affordability problem, and indicates that the duration  
5 of service terminations may be increasing.  
6

7 The final six data points listed above mirror the first six, but apply to customers  
8 receiving benefits through the LIRA program. As a means-tested program, the  
9 Company's LIRA participants provide a reasonable proxy for the company's low-income  
10 customer base. Reporting of the key data points described above for both LIRA  
11 customers and general residential customers will provide comparative information  
12 leading to a better understanding of payment troubles experienced by some of the  
13 Company's customers who are most vulnerable to loss of vital service, while providing  
14 evaluative information on the effectiveness of the LIRA program.  
15  
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17

18 **Q6. WHY ARE YOU RECOMMENDING THE COMPANY PROVIDE THIS**  
19 **INFORMATION?**

20 A6. Access to reliable water service is undeniably a basic necessity in present-day society.  
21 Beyond the primary physical need for clean, safe drinking water, it is also required for  
22 hygienic purposes and habitable housing. As this Commission plans to significantly  
23 revise the rate structure applied to these utilities, it must have appropriate tools in place to  
24 collect data on the effect of this new rate structure going forward. Without information  
25 as outlined above, it is not possible to appropriately identify and respond to payment  
26 troubles and reduced access to basic service experienced by low-income and other  
27  
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1 residential water customers. Further, effective design and evaluation of water payment  
2 assistance programs and company credit and collection practices are best informed by  
3 information as outlined above. This is also very important as the inverted tiered rate  
4 structure is introduced.  
5

6  
7 **Q7. IS IT FEASIBLE FOR THE COMPANY TO PROVIDE THE DATA THAT YOU**  
8 **HAVE DESCRIBED?**  
9

10 A7. Yes. While some customer and billing system modifications may be required to provide  
11 the information as described, utilities in a number of states have demonstrated that such  
12 modifications may be made and that customer arrearage and service disconnection data  
13 may be reported on a regular basis. As indicated in JH Exhibit 1 and in a recent  
14 memorandum of the National Regulatory Research Institute,<sup>1</sup> Maine, Massachusetts,  
15 Minnesota, Ohio, Pennsylvania, Vermont, and Washington State are among the states  
16 where companies regularly report data as described above. While reporting protocols in  
17 several states are far more extensive than those recommended here, companies have  
18 generally been able to fulfill reporting requirements.  
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22 **Q8. PLEASE EXPLAIN WHY THE NOTICE AND OUTREACH PROVISIONS ARE**  
23 **IMPORTANT TO ADDRESS IN A TIMELY MANNER.**  
24

25 A8. San Jose Water Company and Golden State Water Company will be making very  
26 significant changes to how their residential rates will be structured. From the residential  
27 customers' point of view, the bills will look different and the way in which they will be  
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<sup>1</sup> Brockway, Nancy, "Introduction to Model Rules for Utility Credit and Collection Data Reporting," National Regulatory Research Institute, July, 2007. Attached as JH Exhibit 2.

1 billed will also change. In order to prepare customers for these changes and to minimize  
2 potential customer confusion and upset, these companies should be required to provide  
3 robust notice and outreach to their customers before the first new bill is sent to a  
4 customer.  
5

6 Key elements for adequate notice and outreach on the new rates include:

- 7 • Description and timing of the bill insert, a reference to the insert on the bill itself,  
8 and inclusion of TTY information, large type, and a Spanish language  
9 explanation and customer service phone number on the bill insert;  
10
- 11 • Uses of company's website to post material and information in a clear and  
12 conspicuous place and in compliance with the requirements of § 508 of the  
13 Federal Rehabilitation Act as incorporated by Cal. Gov. Code §11135;  
14
- 15 • Working with community based organizations (CBOs) on training and education,  
16 including CBOs serving the disability community and serving limited English  
17 proficient communities, as CBOs can be a helpful partner in reaching low-  
18 income and hard-to-reach customers;  
19
- 20 • Coordination of outreach on the new rates with the companies' LIRA outreach, to  
21 the extent possible;  
22
- 23 • Accommodation for limited English proficient (LEP) customers through  
24 distribution of flyers or use of print or airwaves in LEP communities describing  
25 the changes in the bill and the capability to provide information in other  
26 languages should an LEP customer calls on the phone and request information  
27 about the new conservation rates.  
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1 **Q9. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 A9. Yes.

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**EXHIBIT JH 1**  
**“Tracking the Home Energy Needs of Low-Income Households through Trend Data  
Through Trend Data on Arrearages and Disconnections”**

**EXHIBIT JH 2**

**“Introduction to Model Rules for Utility Credit and Collection Data Reporting”**

1 **PROOF OF SERVICE**

2

3 I am a citizen of the United States and I hereby verify that I have this day served the within

4 **PHASE 1B OPENING TESTIMONY OF JOHN HOWAT ON NOTICE, OUTREACH**

5 **AND DATA COLLECTION** on all parties shown on the attached Service List by way:

6 [x] E-mail Service: sending the entire document as an attachment to all known parties of record

7 who provided electronic mail addresses.

8 [x] U.S. Mail service: mailing by first-class mail with postage prepared to all known parties of

9 record who did not provide electronic mail addresses.

10 Executed on October 19, 2007 in Washington, DC.

11 /s/ Olivia Wein

12 Olivia Wein

13 **SERVICE LIST**

14 **I.07-01-022 – CPUC - CLASS A WATER**

15 **Last changed: September 25, 2007**

16 **VIA E-MAIL SERVICE**

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**VIA U.S. MAIL**

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